

Message Text

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15

ORIGIN EA-10

INFO OCT-01 ISO-00 EB-07 L-02 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-02 INR-07

INT-05 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01 OES-03

SP-02 SS-15 STR-04 TRSE-00 FRB-03 /085 R

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FM SECSTATE WASHDC

TO AMEMBASSY KUALA LUMPUR

LIMITED OFFICIAL USE STATE 088102

E.O. 11652: N/A

TAGS: MY, ETRD

SUBJECT: MALAYSIAN LEGISLATION ON OIL DISTRIBUTION

REF: STATE 86477

1. BASIC BACKGROUND ON U.S. POLICY IN INVESTMENT DISPUTE
QUESTIONS SUCH AS RECENT MALAYSIAN PETROLEUM DISTRIBUTION
LAW IS CONTINUED IN A-10523 DATED DECEMBER 28, 1973 WHICH
SENT TO ALL DIPLOMATIC POSTS. THIS DOCUMENT, ADDITIONAL
COPY OF WHICH WE ARE POUCHING, SHOULD PROVE USEFUL IN YOUR
DISCUSSIONS WITH GOM OFFICIALS AND REPRESENTATIVES U.S.
FIRMS AFFECTED BY THE NEW LEGISLATION.

2. AS YOU ARE AWARE RECENTLY PASSED TRADE ACT AND
FOREIGN ASSISTANCE LEGISLATION CONTAIN CLAUSES REQUIRING
USG ACTIONS WHERE FOREIGN GOVERNMENTS EXPROPRIATE,
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NATIONALIZE OR OTHERWISE DEPRIVE AMERICAN FIRMS OF FULL

ENJOYMENT OF PROPERTY AND/OR INVESTMENTS AND WHERE THE FOREIGN GOVERNMENT HAS NOT MOVED PROMPTLY TO PROVIDE JUST COMPENSATION, TAKEN OTHER STEPS TO DISCHARGE ITS OBLIGATIONS UNDER INTERNATIONAL LAW OR SUBMITTED THE DISPUTE TO ARBITRATION. IN SUCH CASES HICKENLOOPER AMENDMENT PROVIDES FOR SUSPENSION OF FOREIGN AID AND GONZALES AMENDMENT REQUIRES U.S. TO VOTE AGAINST IBRD/IDA LOANS TO COUNTRY IN QUESTION. SAME PROVISION ALSO INCLUDED IN SECTION 18 OF

ASIAN DEVELOPMENT BANK LEGISLATION. FINALLY, AS YOU KNOW TRADE ACT OF 1974 STIPULATES DENIAL OF GSP IN CERTAIN CASES OF NATIONALIZATION AS WELL (STATE 282968 OF DECEMBER 28, 1974). COPIES OF ALL THESE RELEVANT DOCUMENTS ALSO BEING POUCED TO YOU TODAY. ALTHOUGH PRELIMINARY READING INDICATES THAT MALAYSIAN LEGISLATION MAY FALL WITHIN PURVIEW OF HICKENLOOPER AND GONZALES AMENDMENTS AS WELL AS TRADE ACT, QUESTION OF WHETHER PENALTIES BECOME APPLICABLE DEPENDS UPON WHETHER STANDARDS SET OUT ABOVE ARE BEING MET. KISSINGER

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Message Attributes

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